

INTRODUCTION

The Lapeer County Friend of the Court/Prosecuting Attorney (FOC/PA) had a combination contract with the Michigan Family Independence Agency (FIA) to establish paternity, obtain support orders for all cases, and enforce all orders of support over which the Lapeer County FOC/PA had jurisdiction, to locate absent parents, and to provide certain reports on child support collections to the FIA. Lapeer County FOC/PA billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Lapeer County for their costs based on the Federal IV-D Program regulations.

SCOPE

We performed an audit of the costs submitted for reimbursement by the Lapeer County FOC/PA for the period January 1, 1996 through December 31, 1996. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

EXECUTIVE SUMMARY

We found that the Lapeer County FOC/PA overbilled FIA for some line items. The State share of the net amount overbilled was \$2,139 (See Schedule A)

Our report recommends the Family Services Administration initiate the process to recoup \$2,139 from the Lapeer County FOC/PA.

FOC/PA RESPONSE

The Lapeer County FOC/PA indicated in a telephone conversation that they are in agreement with the findings of this report.

FINDINGS

Personnel-Salaries Billed for Other Programs

1. The Lapeer County FOC/PA overbilled FIA \$491 for salaries that were incorrectly billed to FOC/PA instead of the Medical Services Program in 1996. (See Schedule A.)

Income for Record Copy Fees not Included

2. The Lapeer County FOC/PA overbilled FIA \$466 for record copy fees collected from clients for using the copier, but not offset against the supplies billed to FIA under other cost in accordance with the instructions contained in OMB Circular A-87. (See Schedule A.)

Other Income for Transportation of Prisoners

3. The Lapeer County FOC/PA overbilled FIA \$665 for income received for transportation of prisoners paid by the clients in 1996. The income received should have been offset against the travel cost billed to FIA under other cost in accordance with the instructions contained in OMB Circular A-87. (See Schedule A.)

Other Direct-Excess Depreciation Billed

4. The Lapeer County FOC/PA overbilled FIA \$1,368 in 1996 for improperly depreciating an automobile. Three year straight line depreciation was used to calculate the expense, however the County policy requires a 5 year straight line depreciation be used. (See Schedule A.)

WE RECOMMEND the Family Independence Services Administration initiate the process to recoup \$2,139 from the Lapeer County FOC/PA.

Finding #	Line Item	Year	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	State %	Due (State) County
1	Personnel	1996	\$ (503)	97.54%	\$ (491)		
2	Income	1996	\$ (466)	97.54%	\$ (455)		
3	Other	1996	\$ (665)	97.54%	\$ (649)		
4	Depreciation	1996	\$ (1,402)	97.54%	\$ (1,368)		
Grand Total of the IV-D Audit Adjustments					\$ (2,961)		
Calculation of the Payment Due the (State) County							
Audited IV-D Amount					\$ 873,507		
IV-D Amount Used for the Payments Actually Made					\$ (876,468)		
IV-D Audit Adjustment Due (State) County					\$ (2,961)	72.23%	\$ (2,139)